A&M CONSUMER AND RETAIL GROUP

# LEGGINGS, SWEAT TOPS, SLIPPERS- OH MY!

**Leggings and sweat tops and slippers – Oh My!** Over the past 18 months, we have seen it from colleagues, friends, and family and we keep hearing about it – "I live in these leggings every day" or "I haven't put on heels in over a year." During each phase of the Pandemic, changes in our lifestyles have resulted in changes of our behavior and how and what we purchase. Men and women purchased, and wore, more "comfy" and casual clothes: from slippers, to leggings, to sweatshirts, to tees. Athleisure specifically grew by 3.2%[1] globally in 2020 versus 2019 and is expected to grow at 7.9%[2] CAGR in North America through 2028. Retailers with exposure to these categories saw low double-digit growth: Lululemon, Athleta and CROCS's sales increased by 11%[3] , 16%[4] and 13%[5] in 2020 vs. 2019, respectively. **As the world continues to open up and get back to a "new normal," what will customer buying and wearing patterns revert back to Pre-Pandemic?** Or, will the shift to even more casual and more athleisure continue? What is the short-term and mid-term impact of COVID on casual wear? Business casual wear? And is there a generational difference? **What are the implications for retailers in a post-pandemic environment?**

We surveyed ~700 women in the U.S. in July 2021 following population distribution of all ages (16+), income levels, race, and regions, on their apparel wearing and purchasing behaviors pre, during and "post" the pandemic.

*[1] Source: Technavio, Global Athleisure Market, June 2021*
*[2] Source: Grand View Research, North America Athleisure Market, September 2021*
*[3] Source: Lululemon, Annual Report 2020*
*[4] Source: The Gap Inc., Press Release (3/4/2021): Gap Inc. Reports Fourth Quarter and Fiscal Year 2020 Results*
*[5] Source: CROCS, Inc. Annual Report 2020*

# TAKEAWAY #1:
## CUSTOMER BEHAVIOR IS NOT SHIFTING BACK TO PRE-PANDEMIC WEARING PATTERNS


**Quite simply, customer behavior is not shifting back to pre-pandemic wearing or purchasing patterns.** Self-care, health, wellness/fitness were already trends going into the Pandemic- and now have been accelerated. There is no standard dress code for work, night, and home. *Work zooms from home in sweatpants and a nice top. Nights out in leggings and a blazer. Active wear, day-to-night.* Interestingly enough, these new dress patterns - a shift from Business Casual to Athleisure and Casual Wear - are consistent across generations-from Gen Z/Millenials to Gen X, to Boomers. For all generations, purchasing behaviors during the pandemic were correlated with wearing behaviors during the pandemic: 59% of Boomers to 70% of Gen Z/Millennials wore more Athleisure and 73%-82%, respectively, less Business Casual. This shift in buying and wearing behavior is reflected in the growth of athleisure over the past year- Athleisure benefited during the pandemic with a 3.2%[6] growth globally and over indexed the apparel market, which declined by 19.0%[7] between 2019 and 2020.

[6] *Source: Technavio, Global Athleisure Market, June 2021*
[7] *Source: Statista, Global Revenue of the Apparel Market, January 2021*

# Wearing Behavior During the Pandemic vs Pre-Pandemic

| | | Gen Z/ Millennials | Gen X | Boomer | Total |
|---|---|---|---|---|---|
| **BUSINESS CASUAL** | Stopped wearing /wore less | 82% | 79% | 73% | **79%** |
| | Wore Same / Wore More | 17% | 21% | 27% | **21%** |
| **ATHLEISURE** | Stopped wearing /wore less | 30% | 32% | 41% | **33%** |
| | Wore Same / Wore More | 70% | 68% | 59% | **67%** |
| **CASUAL** | Stopped wearing /wore less | 40% | 38% | 40% | **39%** |
| | Wore Same / Wore More | 60% | 62% | 60% | **61%** |

**While we've certainly seen a shift during the pandemic, what can we expect once the pandemic eventually abates? Post-Pandemic (when we get there!) behavior and wearing habits are not expected to fully revert back to pre-pandemic levels, across generations, for business casual, casual or athleisure.** (If anything, the extension of the Pandemic is only solidifying these behaviors more and more.) Although roughly 45% of women say they will wear less athleisure roughly only 38% will wear more business casual and 63% saying they will wear more casual product. Not only did COVID accelerate "the casualization" of apparel that was already in flight- but COVID changed how and where we work. We are working from home much more- 48% of us post-Covid are working from home partially or fully vs. 30%[8] pre-pandemic. When we work from home, we are much more casual- either top to bottom or even casual on the bottom and more "business" on top. There isn't a clear "trigger" driving a more business casual and/or dressy wardrobe. Going to work in an office used to lead to the purchase and wearing of business casual product. As of September, out of the companies who reported their post-Covid work policies, 28.7%[9] are planning to fully return to office and 32.9%[10] are implementing a hybrid model. In a recent survey conducted by A&M's Consumer and Retail Group, only one in five employees were planning to go back to work in the office 5 days/week[11]. This study also found that even with those employees going back into an office, 66% are not planning to change their Pandemic dress habits when returning to the workplace[(ibid)]. **Does this mean business casual is going away? Absolutely not- but this points to major implications for women's apparel brands and retailers in terms of their assortment.**

*[8] February 2021. Source: Gartner*
*[9] September 2021, among 200 major US companies. Source: CommercialCafe*
*[10] September 2021, among 200 major US companies. Source: CommercialCafe*
*[11] August 2021, A&M CRG Consumer Sentiment Survey, Wave 1*

## Expected Wearing Behaviors Post Pandemic versus Pre Pandemic

| | | Gen Z/ Millennials | Gen X | Boomer | Total |
|---|---|---|---|---|---|
| **BUSINESS CASUAL** | Stop wearing / wear less | 59% | 59% | 73% | **62%** |
| | Wear same or more | 41% | 41% | 27% | **38%** |
| **ATHLEISURE** | Stop wearing / wear less | 48% | 43% | 45% | **45%** |
| | Wear same or more | 52% | 57% | 55% | **55%** |
| **CASUAL** | Stop wearing / wear less | 40% | 36% | 31% | **37%** |
| | Wear same or more | 60% | 64% | 69% | **63%** |

# TAKEAWAY #2:

## CUSTOMERS ARE EXPECTED TO CONTINUE PURCHASING ATHLEISURE AND CASUAL AS MUCH OR MORE THAN BEFORE THE PANDEMIC

**The high mix of athleisure and casual product in her wardrobe and daily dressing are not expected to flatten or decline as we ease of out of the Pandemic.** On the contrary, across each generation, we are seeing that women are expecting to buy more or the same amount of athleisure and casual product than they did before the Pandemic- 56% more athleisure and 69% more casual. This supports the projected growth rates of athleisure (CAGR 7.9%[12] through 2028). “Bit by the casual/athleisure bug”, 58% of Gen Z/Millennials said they would actually stop buying or buy less Business Casual compared to pre-pandemic with only 42% saying they would buy the same or more. The numbers are similar for Gen X and Boomers.

## Expected Purchasing Behavior Post Pandemic

| | | Gen Z/ Millennials | Gen X | Boomer | Total |
|---|---|---|---|---|---|
| **BUSINESS CASUAL** | Stop purchasing/ purchase less | 58% | 59% | 64% | **60%** |
| | Purchase same or More | 42% | 41% | 36% | **40%** |
| **ATHLEISURE** | Stop purchasing/ purchase less | 42% | 43% | 51% | **44%** |
| | Purchase same or More | 58% | 57% | 49% | **56%** |
| **CASUAL** | Stop purchasing/ purchase less | 35% | 31% | 24% | **31%** |
| | Purchase same or More | 65% | 69% | 76% | **69%** |

[12] *Source: Grand View Research, North America Athleisure Market, September 2021*

# TAKEAWAY #3:

## THE COHORT THAT WILL BUY MORE BUSINESS CASUAL WEAR AS SHE STARTS TO GO BACK TO WORK AND/OR OUT MORE, IS THE HIGHER-INCOME, GEN X COHORT

**Gen Xers with higher income (>$100k) are expected to revert back to wearing/buying Business Casual after the pandemic more so than other income groups as more of this cohort returns back to "office work", but not up to the levels of Pre-Pandemic**. We found that 32% of respondents in this cohort expect to wear more Business Casual items than during the pandemic, but only 18% will wear more than Pre-pandemic. These numbers drop by 10%+ when looking at other income groups.

# What are the implications for women's' apparel brand and retailers?

**In short, we know that, across generations, athleisure and casual are going to make up more and more of her wardrobe mix at the expense of business casual.** What are the implications then for women's apparel brands and retailers? How does this potentially impact brand positioning, product creation, and assortment mix?

**Brand Positioning:** First, it is always critical to really understand who your core customer is and why she bought from you in the first place. If she bought from you because you represented who she wanted to be at work and that definition of work attire has changed for her, then a potential shift in the assortment is needed. In April, for example, Banana Republic launched a new collection that pairs military shirts with dress slacks and hoodies with blazers calling it "Hybrid Dressing". However, if your customer is a higher income Gen Xer, make sure you don't completely walk away from Business Casual.

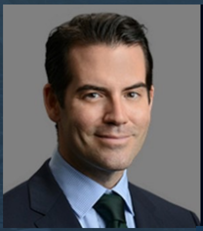
**Product Creation:** Second, the predominance of the athleisure movement and how critical comfort, easy care, and day-to-night dressing, will impact fabrications from athleisure to casual to business casual. Fashion brands and retailers are introducing new fabric types focusing on comfort and safety such as softer fabric, anti-virus fabric, extra stretch to meet changing customer demands.

**Assortment Mix:** Lastly, if she is going to have a greater mix of athleisure and casual in her closet, how should a brand's assortment mix change? This decision needs to be juxtaposed against who your customer is and why she buys from you- but should intentionally be thought through and potentially a part of a larger strategic long-range planning process and/or a Go-to-Market process. Retailers are even studying traffic on the streets, OpenTable and Airline bookings, office occupancy rates in big cities, analyzing bridal registries, calling wedding venues in top destinations to understand the economic recovery and apparel trends that are unlike anything seen before.

**Brand, product, and assortment will always represent a mix of art and science- this rapid shift of customer patterns will quickly expose which brands and retailers can walk forward with their customer and capture their imagination.**

At A&M's Consumer and Retail Group, we have deep expertise in helping companies adapt and change to many macro-economic factors, including the COVID-19 pandemic. From developing better customer insights to assortment and supply chain optimization, we help our clients build solutions that drive results. While the post pandemic retail era may be less predictable, the relationships and support we build with clients is everlasting.

## CONTACT THE AUTHORS



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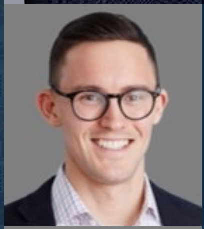

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